

Pursuant to 86 Ill. Adm. Code 130.2080 sales of tangible personal property made to governmental bodies (Federal, State, local, or foreign) are not subject to Retailers' Occupation Tax. (This is a GIL).

September 24, 1999

Dear Xxxxx:

This letter is in response to your letter dated August 30, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

The purpose of this letter is to request **Tax Exempt Status** for the ORGANIZATION lodging purchases. Please Fax or send a statement of your policy regarding Lodging Tax Exemption for the ORGANIZATION, and any forms that are necessary to present at the time of purchase. This information is crucial to our mission success and must be received no later than 25 September 1999. Our Fax Number is ####.

These lodging purchases are made using the Centrally Billed Government VISA card. The bills are paid directly to the lodging vendor by the United States Government. The Centrally Billed Government VISA card, issued by COMPANY bears the inscription **United States of America for Official Government Travel Only CPP**, and is embossed with the following:

XXXX XXXX

Expiration date

Tour Manager's name

HOTEL ONLY

Only ORGANIZATION Centrally Billed VISA cards, **paid directly by the Government**, use the account number **XXXX XXXX**. The Commander of the ORGANIZATION authorizes this card to be used by the individual whose name is embossed on the card, and holds them responsible for correct usage.

This Card is being used in place of the VISA I.M.P.A.C. card, which has already been granted Tax Exemption by your state. Included is a copy of your policy letter dated August 7, 1996. We have also been granted a tax exemption number which will be renewed automatically in 2000.

Questions regarding policies and usage of the COMPANY Centrally Billed VISA Government Card can be directed to PERSON, at ####. PERSON is responsible for all ORGANIZATION Centrally Billed Accounts.

Your expedience in this matter is greatly appreciated.

Pursuant to 86 Ill. Adm. Code 130.2080, enclosed, sales of tangible personal property made to governmental bodies (Federal, State, local, or foreign) are not subject to Retailers' Occupation Tax (sales tax). In order to make a tax-exempt purchase, governmental bodies must have an active exemption identification number issued by the Department. However, retailers may accept U.S. Government Bank Cards in sales to the U.S. Government and its agencies without requiring an Illinois exemption number. When making a purchase, the holder of the card presents it to the retailer, who records the card number instead of collecting tax. It is important to note that only sales of tangible personal property invoiced to the governmental body itself are exempt. Sales made to individual government employees are generally subject to tax, even though the employees may be traveling on government business.

Regarding lodging purchases, the Hotel Operators' Occupation Tax Act imposes a tax upon persons engaged in the business of renting, leasing or letting rooms in a hotel. See 86 Ill. Adm. Code 480.101, enclosed. The Hotel Operators' Occupation Tax Act does not include any provision for the exemption of exclusively charitable, religious, or educational organizations, or for governments or their agencies. Therefore, hotel operators renting rooms to organizations possessing exemption numbers, or governmental units (State, Federal, local) are not exempt from paying the tax on room rentals to such entities and the above mentioned tax exemption identification numbers cannot be used to avoid this tax. See 86 Ill. Adm. Code 480.101(b)(4).

Please be advised that the Hotel Operators' Occupation Tax is not a tax imposed upon those persons renting the rooms. However, hotel operators are allowed to reimburse themselves for their tax liability by collecting a corresponding amount of reimbursement from customers.

There are two factors we would like to stress in regard to this situation. First, the tax is not imposed upon the organization renting the room from the hotel operator. It is imposed, rather, upon the hotel operator. An exemption is useless in this context, because there is no tax which is being imposed upon the organization. There is no tax, in other words, from which the group could be exempted. Secondly, the terms of the Hotel Operators' Occupation Tax Act do not provide that exclusively charitable, religious or educational organizations or government agencies are exempted from paying reimbursement charges which hotel operators are authorized to charge.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

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If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

KWB:msk
Enc.